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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of

Cavan Communications Corporation

Licensee of Station WTMS(AM)
Presque Isle, Maine

Order to Show Cause Why the
License for Station WTMS(AM)
Should Not be Revoked

To: The Commission

MM Docket No. 93-299

HEARING EXHIBITS

Cavan Communications Corp.
c/o J. Dominic Monahan
Suite 290
777 High Street
Eugene, Oregon 97401

503-484-6847

Federal Communications Commission

Docket No. 93-299 Exhibit No. ONE
Presented by CANAN COMMUNICATIONS

Disposition	{	Identified	<u>3/24/94</u>
		Received	<u>3/24/94</u>
		Rejected	<u> </u>

Reporter M.K. FLEISHMAN
Date 3/24/94

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Exhibit No. 1
MM Docket No. 93-299
Cavan Comm. Corp.

TESTIMONY OF J. DOMINIC MONAHAN

I, J. Dominic Monahan, declare under penalty of perjury that the following is a true and correct statement.

I am the president, the director, and minority shareholder of Cavan Communications Corporation, the licensee of Radio Station WTMS-AM, Presque Isle, Maine. Cavan purchased Station WTMS-AM on November 1, 1987, at the same time it acquired Station WTMS-FM.

[REDACTED] Station WTMS-AM, the station was programmed separately from Station WTMS-FM, using a live air staff. Over the next two years the station's inability to maintain or increase revenues caused Cavan, in the fall of 1989, to shift to a simulcast operation with its sister station, WTMS-FM.

In the spring of 1991, Station WTMS-AM was experiencing an increased number of technical problems causing interruptions in operation. Finally when the main transmitter tube failed, the station was faced with the cost of replacing the tube at a cost of approximately \$2,000. [REDACTED]

[REDACTED]
Cavan made the decision to take the station off the air until the cash flow from its sister station increased to the point where it

could cover the cost of the new tube and installation.

Cavan's first objective was to wait until revenues increased to the point where cash flow would improve and allow the station to make the necessary repairs. By mid summer it became apparent the cash flow simply was not there. At this point Cavan made the decision that we should attempt to find a buyer for the station. To this end I spoke with Kevin Schmursal of Sales Management Systems in Bangor, Maine, an experienced broadcast professional who had consulted for Cavan, and who was familiar with the broadcast industry in the New England area. Mr. Schmursal agreed to look for an interested buyer but indicated that it would not be easy given the state of the economy in the northeast and the fact Cavan was looking to sell a stand alone AM station. (See Attachment A).

Toward the end of the summer of 1991 I also contacted Mel Stone of the media brokerage firm of Kozacko-Horton, to see if his firm would be willing to represent Cavan in locating a willing and able buyer for Station WTMS-AM. He voiced many of the same concerns that Mr. Schmursal had and urged that we consider selling both Station WTMS-AM and FM as he believed the sale of the combination was much more likely than the sale of just the AM. I hesitated to do this at the time because I had some initial conversations with Don Flewelling, a local individual from Presque Isle with previous broadcast experience who had shown interest in purchasing Station WTMS-AM. Over the next couple of months I

continued to discuss the matter with Mr. Stone. Ultimately I came to the conclusion that both stations would probably have to be sold together unless Cavan could reach some agreement with Mr. Flewelling. I told Mr. Stone that Mr. Flewelling was interested in the AM, but that Cavan would like to have Kozacko-Horton represent us in locating a buyer for the stations. It was with the understanding that Mr. Flewelling might be a buyer, that Cavan entered into the agreement with Kozacko-Horton on October 11, 1991, authorizing that firm to search for a buyer. (See Attachment B.) I had several conversations with Mr. Stone over the next few months but no seriously interested parties surfaced. In the meantime I continued to have discussions with Mr. Flewelling about his interest in the station. I also spoke with Brian Lamont, a broadcaster who had been in radio management in the Presque Isle market for over ten years. He was interested in both station WTMS-AM and FM. (See Attachment C).

In December, 1991, Walter Hamsher, the other major Cavan shareholder, and I travelled to Presque Isle and met with Mr. Flewelling to see if we could reach some agreement on the sale of station WTMS-AM. We met at Mr. Flewelling's office to review the matter. He indicated that he was forming a group looking to acquire an AM station which would air a religious format. Mr. Hamsher and I thought that WTMS-AM was well suited for this kind of operation and proposed a term deal to him. Mr. Flewelling said he would have to consider the offer with his group and would get back

to us. Although I continued to talk with Mr. Flewelling via phone after that, no further progress was made. In late January or early February 1992, I spoke with Mr. Flewelling who informed me that after discussions with members of his group they had decided to pursue another AM which had become available in the market.

At this time Cavan was facing major financial and operational problems with its continued operation of Station WTMS-FM. The station's manager had resigned in October, 1991, leaving the station with a young interim manager. Immediately the sales and revenues of the station dropped to the point where Mr. Hamsher and I had to advance more personal funds to cover operating costs. Sales projections in early 1992 were very bleak.

Sometime in the late winter of 1992, I received a call from Tim Martz of Four Seasons Communications, the licensee of Station WBPW(FM), also license to Presque Isle, offering to either purchase the stations. (See Attachment D). Since the FCC's rules would not allow such an acquisition at that time, we discussed a local marketing agreement ("LMA") with WTMS-FM until such time as the FCC adopted rules allowing the purchase of both Stations WTMS-AM and FM. Mr. Martz was not interested in programming WTMS-AM at that time, but did wish to acquire the facility as he was seeking to sell WFST-AM, an AM station licensed to Four Seasons in the neighboring community of Caribou, Maine. After several discussions with Mr. Martz, Cavan agreed to the LMA which provided Four Seasons

with a right of first refusal. (See Attachment E). Mr. Martz did not sign the option because he had not confirmed his bank financing at that time.

After Cavan entered into the LMA with Four Seasons, Cavan anticipated a sale of both Stations WTMS-AM/FM to Four Seasons as soon as the FCC adopted the then proposed radio duopoly ownership rules. When these rules were adopted in the fall of 1992, I called Mr. Martz to go forward with the completion of the sale. However, he declined saying he was encountering difficulty in finding financing. I told him of my desire to find a buyer for Station WTMS-AM and that I intended to go forward with that effort. He said he had no objection but would want a price adjustment on the earlier price he had offered for the two stations.

Although Cavan's brokerage agreement with Kozacko-Horton had expired I continued to be in contact with them about a buyer for the AM. (See Attachment E^A).

When Mr. Martz was unable to go forward with the purchase of the stations in late 1992, I engaged in several discussions with Dr. Charles Nadeau, a local doctor in the Presque Isle area who had a long time interest in radio. These conversations took place in late 1992 and into the spring of 1993. Dr. Nadeau had once worked at Station WTMS(AM) while in school and was interested in acquiring the station. We had several conversations, but these came to no avail as he ultimately decided that if he purchased the station he

would also want to acquire the FM station as well. Since we were under agreement to Four Seasons this was not possible. Cavan has continued to attempt to close the sale of Stations WTMS-AM/FM to Four Seasons but has been unable because of Four Seasons inability to complete financing (See Attachment F).

In mid-summer of 1993, I received a telephone call from Mr. Walter W. Kitemeyer, indicating he and a partner were interested in purchasing Station WTMS(AM). He asked permission to visit and inspect the station. I agreed and Mr. Kitemeyer and his partner visited the station in either late July or early August, 1993. I spoke to him after his visit and he indicated that he would be back to me with further questions after he had discussed the matter with his partner. I did not hear from him until I received a followup letter from him in late August, 1993. I provided a detailed response to him via letter dated September 14, 1993. (See Attachment G). I did not hear from him again until December 14, 1993 (See Attachment H).

In early September, 1993, I received a telephone call from a Mr. Michael Tibbets of Portland, Maine, indicating that he was interested on behalf of a group in purchasing Station WTMS(AM). I had one or two more telephone conversations with Mr. Tibbets and thereafter provided him with a letter, dated September 22, 1993, and certain requested information on the station (See Attachment I). When I did not hear back from him I called to see if he was

still interested. He indicated he was but wanted to make an offer on both the AM and the FM stations. I explained that any offer he made would have to be presented to Four Seasons because of their right of first refusal. He stated he would have an offer within a few weeks. I never heard back from him.

In November, 1993, I had discussions with Kevin Schmersal about a joint arrangement to return Station WTMS(AM) to the air which would provide Mr. Schmersal with an option to purchase the station. While these discussions were on going, I was informed that the license for Station WTMS(AM) had been set for revocation because it had been off the air without silence authority.

~~Revocation order~~ came as a surprise as I had filed a request for further authority on August 26, 1993, citing the ongoing efforts which were being made to find a buyer. The previous silence authority of the station had lapsed and the Commission's staff had sent a letter dated July 26, 1993, asking for information as to efforts to return the station to operation. Cavan had spoken to the FCC staff and had submitted by facsimile a six page response outlining its efforts to attract a buyer. Although I had confirmation from the telephone company confirming that the materials had been transmitted, for which charges were incurred by me, the Commission staff stated they had no knowledge of the receipt of the material (See Attachment J).

Since the revocation order was issued by the FCC, Cavan has

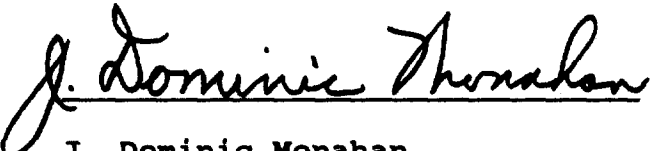
gone forward with its plans to return the station to the air. An agreement was entered into with Lobster Radio Network whereby it, via a local marketing agreement, will together with Cavan, return the station to operation (See Attachment K).

Equipment and parts have been order and are presently being installed. A request has been filed with the FCC requesting a change of the call sign from WTMS(AM) to WEGO(AM), the original call sign of the station (See Attachment L). The target date for conducting equipment tests is March 4, 1993. Once these tests are completed the station will file a license application, together with the necessary engineering, to demonstrate that the directional array is consistent with its license values. Ordinarily the station would simply have returned to operation upon the installation of the new parts. However, the FCC staff has imposed a condition that no AM station which has been off the air more than six months can return to fully authorized operation before the license application has been reviewed and program test authorization issued.

In order to avoid the minimum ten day delay that process usually requires, Cavan is seeking special temporary authority from the AM Branch to return the station to operation with daytime power (non-directional) and to use minimum nighttime power (See Attachment M.) The station anticipates receiving this authority in advance in order to avoid any further delay in returning the

facility to operation.

Cavan has experienced and continues to experience severe financial hardship in the operation of Stations WTMS-AM and FM. As the financial statements and tax returns for the station evidence show, the combined losses of Cavan are now approximately - \$600,000.00 (See Attachment N).


J. Dominic Monahan

February 28, 1994

Attachment A

**S
M
S****Sales Management Systems, Inc.***Broadcast Consultants***August 24, 1993**

**Mr. James D. Monahan
President
Cavan Communications Corp.
P.O. Box 1170
Presque Isle, Maine 04769**

Dear Mr. Monahan:

This letter will confirm the brokerage arrangement between my company, SMS, and Cavan Communications Corporation, and the efforts made to date to find a qualified buyer for the radio station WTMS (AM), Presque Isle, Maine.

Originally, SMS was retained to find a buyer for both stations WTMS - am/fin, in the fall of 1991. Shortly thereafter, SMS arranged to present the stations to two investors from Connecticut who indicated an interest in the facilities. After a personal inspection of the facilities and several months of negotiations, they declined to submit an acceptable offer. Thereafter, station WTMS (FM) entered into a local marketing agreement with a third party.

Since that time SMS has continued to pursue interested buyers for station WTMS (AM) and over the past two years, I have personally presented the station to six different parties who have shown interest in the station. I have also explored a possible joint venture with another station operator in down state Maine who continues to consider the matter.

In this past month I have identified a local professional in the Presque Isle market with former radio experience who has shown interest in acquiring the station. He is in the process of reviewing the proposal with two local investors, both of whom have had prior radio experience. I expect a response

should be forthcoming within the next two weeks on the proposal and will keep you advised.

As we have discussed on several occasions, the sale of a stand alone AM station in Northern rural Maine is not without some difficulty. The loss of Loring Air Force Base to the local Presque Isle/Caribou economy has depressed an already limited market. Effecting a sale will require finding the right buyer at the right time. I continue to make these efforts and believe with the introduction of the Free Trade Agreement with Canada that conditions for the sale of the station have been greatly improved.

I look forward to a continued working relationship with you and Cavan Communications and the successful sale of station WTMS (AM).

Sincerely yours,

SALES MANAGEMENT SYSTEMS, INC.

Kevin Schmearsal, President

Attachment B

October 28, 1991

PERSONAL AND CONFIDENTIAL

Melvin L. Stone
Kozacko-Horton Company
1 Canterbury Way
Cape Elizabeth, Maine 04107

Dear Mel:

This letter follows our conversation regarding our interest in selling stations WTMS-AM/FM in Presque Isle, Maine. Per those conversations, I am enclosing financial data for the stations over the past three years. This includes sales revenue figures for 1989, 1990 and the first nine months of 1991. Also included is our annual financial for 1990 and a six-month financial as of June 30, 1991.

The Presque Isle Market: As you know Presque Isle is really part of what is better described as the Presque Isle-Caribou market. Of the estimated 86,000 population in Aroostook Country, half reside within 15-20 miles of these two small markets. Current data from the Maine Department of Labor shows that 23,600 of the 42,330 work force in Aroostook reside within the Presque-Isle-Caribou market. Incidentally the work force in the county has grown from 40,130 in August 1990 to some 42,330 in August, 1991 -- a trend which is ahead of the rest of the state. The actual number of persons employed was also up about two percent for the same period.

Even though Loring AFB is slated to close in 1994, this will probably not have a lasting or major impact because of the increased business coming in from Canada and local economic growth. The 71-store mall in Presque Isle is under construction and scheduled to open next summer. I suspect one of the reasons the retail community remains positive is that consumer spending in the county has remained positive while the rest of the state has slipped. According to the most recent consumer retail sales tax reports for the state, Aroostook County was the only reporting district in the state to show growth in the first six months of 1991, some 1% - with 18% and 7% growth in Madawaska and Ft. Kent. The rest of the state was off - 5%. The County showed a strong resurgence in June, 1991 (the last reported month) in three of the six retail categories measured:

Food Stores	16%
Gen Merchandise	15%
Other Retail	9%

Retail remained off in the following categories:

Mr. Melvin Stone
October 29, 1991
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Building Supply	-14%
Automotive	-3%
Restaurant/Lodg'g	-1%

Sales and Sales Management which tracks buying power in the markets across the country on an annual basis, indicates that Aroostook County has had 23.6% growth in total retail sales from 1986 through 1990. The latest figures show estimated retail at \$554,945,000, up from \$451,247,000 in 1986. Buying power for Aroostook for 1990 was estimated to be \$948,166,000, up from \$777,035,000 in 1986. Surprisingly, the median age in the county is 33.4 yrs which is lower than the 33.9 age for the state overall.

The real potential for radio in the County stems from the growth being experienced across the border in Western New Brunswick. S&SM indicates that retail in the four Canadian counties served by WTMS has an estimated population of about 170,000 persons and a buying power \$ 1.373 billion. Based on projections, retail sales for the area served by WTMS(FM) are just under \$700 million a year (1990).

The station provides coverage to more than a quarter million people, with 60 percent living in Canada. Because of the differential in living costs, Eastern Maine will continue to attract substantial business from Canadian consumers, i.e. the new mall in Presque Isle reflects this anticipated growth. In the meantime the cities of Fredricton, Grand Falls and Edmundton continue to grow in population. Canadian radio continues to be AM oriented. In addition, Canadian regulations tightly control the content of FM radio in Canada requiring a significant portion be music of Canadian origin. As a consequence, U.S. radio with its focus on FM listenership, draws a heavy Canadian listening audience. WTMS is the only FM station (either U.S. or Canadian) which covers all of these cities. U.S. radio is an attractive buy to Canadian advertisers because it is available at rates less than half those paid to Canadian stations.

Radio: The Presque Isle market is served by the following radio stations:

Presque Isle

WBPW	96.9 mHz	100kw	CHR
WKZW(AM)	950 Kc	(Off-the-air since 1988)	
WOZI(FM)	101.7 mHz	1.35 kw	C&W

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Caribou

WCXU(FM)	97.7 mHz	3 kw	Contemp
WFST(AM)	600 kc	5 kw Day	Oldies

Houlton

WHOU(AM)	1340 kc	1 kw	AC
WHOU(FM)	101.1 mHz	3 kw	simulcast

Madawaska

WCXX(FM)	102.3 mHz	1.75 kw	AC
(simulcasts WCXU)			
WSJR(AM)	1230 kc	1 kw	local AC

Fort Kent

WLCV(AM)	1340 kc	250 w local AC
(simulcasts WSJR)		

WTMS Facilities: Station WTMS is the only full Class C in Northern Maine, operating with 100 kw from atop Mars Hill with an antenna height of 1310 feet. This enables the station to reach the whole of the County as well as Western New Brunswick (See attached coverage map.) Station WTMS(AM) is a 5 kw full time station licensed to 1390 kc which has simulcast the WTMS(FM) signal. It is presently silent.

Station WTMS(FM) leases its transmitter site on top of Mars Hill, the tallest promontory in Eastern Maine. It is the only commercial radio station located on this site. The Station has a 3 kw back-up transmitter and auxiliary power supply which are housed in the transmitter building on Mars Hill. The signal is fed to the transmitter by studio transmitter link.

A new Harris 8-bay FM antenna was installed in July 1989, together with a new de-icing system. The tower is 475 foot tall, guyed, and equipped with lightning protection and core rods. The station uses a McMartin transmitter which was built in 1976. The FM studio is equipped with an automation system and two satellite receive dishes.

The FM site lease will expire in 2002. Payments are \$2,000 per year and are payable quarterly. The lease also requires \$200 per year in payments for road maintenance.

Station WTMS(AM) uses a two tower (guyed) directional array which is located on an 11 acre tract of land owned by the station. The studios, also owned by the station were built in 1981 and are located on Airport Drive. The AM station uses an RCA transmitter which will require some work and repairs.

Television: Station WAGM is a VHF station operating on Channel 8 and carrying portions of all three networks. It is carried on eight cable systems in the county.

Cable: Three cable systems operate in the area. The largest system is operated by Paragon Cable and serves Presque Isle and Caribou with some 8370 subscribers. It carries no local advertising as of date. United Video operates small systems totalling approximately 2,100 subscribers in the outlying communities of Eagle Lake, Portage Lake, Washburn, Van Buren and Mapleton. They carry no local advertising.

Newspaper: The Northeast Publishing Company (Bangor Daily News) publishes three weekly newspapers in Aroostook County: Presque Isle Star-Herald (6496 subs); The Aroostook Republican-News in Caribou (4787 subs); The Houlton Pioneer-News (6093 subs). The Fort Fairfield Review (2201 subs) is published weekly in Ft. Fairfield. Another weekly, The St. Johns Valley-Times (6202 subs) serves Ft. Kent and Madawaska in the northern part of the County.

Contracts and Agreements: There are no long term contracts at the present time which would have to be assumed by the buyer. The stations are considering a satellite affiliation for program services but no decision has been reached as of date. The station does have a consulting agreement with SMS marketing which can be assumed. All advertising contracts are terminable on 30 days' notice except for basketball sponsorships which run through mid-March 1992. The stations use ZAP news and have recently terminated their affiliation with MBS.

Mr. Melvin Stone
October 29, 1991
Page 5

Staff and Payroll: See attached

Management: The day-to-day operation of the station is handled by Matt Nelson who focuses primarily on sales. Operational decisions are coordinated through Kevin Schmursal and the owners while the search is completed for a new station manager. The staff is relatively stable except for recent turnover in sales.

Debt: The present owners have approximately \$320,000 in primary debt to the Fleet Bank and another \$178,000 to the previous owner in secondary debt. (This is in addition to approximately \$200,000 invested by the present owners.) An effort is underway to convert the secondary debt to a long term contract for advertising with an auto dealership owned by the former owner's family. If these negotiations are successful, this agreement must be assumed by the new owner. Sellers will deliver the facilities free and clear of all debt, including that listed herein.

Asking Price: \$850,000.00. Sellers must have terms which will allow them to satisfy all existing debt. Seller's will accept terms for the balance of the purchase price, including a moratorium on principal and interest. If Buyer renegotiates existing bank and secondary debt, Sellers must be removed from existing notes, but will take subordinated position on remainder of purchase price.

After you have had an opportunity to review the enclosed materials, I am sure you will have questions. Please feel free to give me a call.

Best regards.

Cordially yours,

J. Dominic Monahan



AUTHORIZATION

Property:..... WTMS AM-FM
..... Presque Isle, Maine
.....

For and in consideration of \$1.00 in hand, paid, receipt of which is hereby acknowledged:

....., (SELLER)
hereby grants to Kozacko-Horton Company of Elmira, New York, (BROKER) the exclusive right to sell
the property specified above.

Asking price shall be \$850,000..... and terms shall be Negotiable.....
..... or such variations of above as may be acceptable to SELLER.

BROKER agrees to direct its effort on behalf of SELLER and to utilize its many resources to bring about a sale of this property. Sales presentation of the property shall be prepared and used with pre-screened buyer prospects on the basis of information furnished by SELLER and through market research by BROKER. Advertising of property by BROKER will be on a "blind" basis, except where otherwise authorized by SELLER, in publications of general industry circulation. SELLER will receive benefit of the extensive buyer files maintained by BROKER to match current prospects for this particular property. BROKER shall provide experienced personnel to conduct its selling effort and to assist in negotiations. BROKER agrees to act as escrow agent without additional fee for earnest monies held under binder or contract. BROKER will, upon request of SELLER, cooperate with other established professional brokerage firms.

SELLER agrees to supply BROKER with financial and other information requested for the sales effort and to cooperate in reasonable inspection arrangements of the property and related records. All expenses incurred by BROKER from its efforts are the sole obligation of the BROKER. No compensation shall be due from SELLER except at final closing of a sale or lease of the subject property while this authorization is in effect; or a sale or lease within six months of the termination of this authorization to a buyer solicited by BROKER while this agreement is in effect; or upon SELLER declining an offer of purchase within the price and terms of this authorization from a buyer who would be acceptable under normal commercial practice. In the event a prospective buyer makes direct contact with SELLER, SELLER agrees to immediately inform BROKER who will serve such prospect as sales agent of SELLER. SELLER agrees to pay BROKER in full and in cash at closing according to the fee schedule and terms on reverse side unless otherwise agreed in writing. BROKER will act as Escrow Agent without fee and is authorized to set its commission fee against any earnest money it may hold at closing.

This authorization shall commence immediately upon execution by SELLER and acceptance by BROKER and shall remain in effect a minimum of 90 days and thereafter until terminated in writing by either party. The agreement shall be so terminated 30 days after written notice is received from the terminating party. This agreement is accepted by BROKER in and subject to the laws of the State of New York.

SELLER AGREES:

CARON COMM. CORP.
by: *J. Dominic Monahan*
..... Title
..... Oct 11, 1991
..... Date

Broker accepts, in Elmira, NY:
P.O. Box 948

KOZACKO-HORTON COMPANY
by: *J. Kozacko*
..... Title
..... November 5, 1991
..... Date

December 17, 1991

VIA FACSIMILE

Mr. Don Flewelling
Maine Farmer's Exchange
Presque Isle, Maine

Dear Don:

This is a follow-up to our meeting Saturday regarding your interest in entering into a programming agreement with Cavan Communications and Station WTMS-AM. Before getting to my comments on the substance of our discussions, I would like to point out that Wally and I enjoyed the opportunity to talk with you. We came away from the meeting with a very comfortable feeling that we could certainly work with you.

Let me first recap the proposal as we understand it. You, on behalf of ARC Communications, are interested in using the facilities of Station WTMS(AM) to air the programming now being carried on Station WREM(AM) in Monticello. At present, Station WTMS(AM) is off the air but with about \$2500 worth of parts and repairs could be returned to operation very quickly. Among the necessary repairs would be the doghouses at the transmitter site which needs to be rebuilt.

Currently, Station WREM carries the ARC programming on a daytime broadcast schedule. ARC uses a religious format featuring talk, information and traditional religious music. If the ARC programming is moved to WTMS(AM), it would be on a 6:00 am to 6:00 pm basis. Station WTMS(AM) would use the remaining broadcast day. Our intention would be to carry sports programming, including local high school basketball and perhaps some other sports provided by satellite. We would also use WTMS(AM) to carry the "Harvest Special" during the morning hours of September-October. This would necessarily mean preempting ARC during those months up until 7:00 or 8:00 in the morning. The remainder of our broadcast day has not been specifically formatted but I do not believe the format would conflict in any way with the programming of ARC.

Mr. Don Flewelling
December 17, 1991
Page 2

If we can reach an agreement, I would anticipate an arrangement whereby ARC would purchase the program time in return for a monthly payment based on operating costs of the station plus a monthly fee of \$1200. ARC would also agree to pick up the expenses needed to repair the AM transmitter, install the NSC audio processing unit, repair the doghouse and any other expenses reasonably required to return the AM transmitter to the air. In determining operating expenses, it would be helpful if you would forward a list of your current expenses.

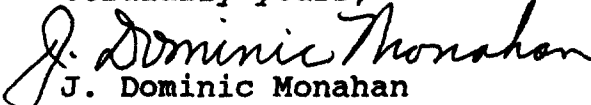
Each party would be responsible for the sale of its own commercials. However, the agreement would contemplate some flexibility where the parties would benefit each other through some form of joint sales effort. I have not thought this through and would like your thoughts on the idea. Obviously we cannot have an agreement where we set prices for one another. However, I believe there is room to have a combination sales program where we each serve as a sales agent of the other person.

If ARC elects to go forward with the agreement, we would want to finalize it as soon as possible. Wally and I would like to see the arrangement in place by February 1, 1992, or as soon thereafter as possible. The agreement would have to conform to the requirements imposed by the FCC on programming agreements.

Finally, you indicated that you might have some interest in an outright purchase of the station. We are open to any serious offer and would consider cash and terms.

I look forward to hearing from you.

Best regards.

Cordially yours,

J. Dominic Monahan

P.S. I'm still trying to locate a copy of the decision where the FCC Judge turned down Al Wiener's request for a shortwave license.

cc: Mr. Walter Hamsher
Mr. Matthew Nelson
Mr. Kevin Schmearsal

January 30, 1992

Mr. Don Flewelling
Maine Farmers Exchange
P.O. Box 869
Presque Isle, Maine 04769

Dear Don:

This is just a nudge letter to see where you stand on the proposal to use the WGP facilities on a program contract arrangement.

Incidentally, I did find a copy of the Judge's decision issued last year denying Al Weiner's proposal for an international broadcast station in Monticello, Maine. He appealed that decision to the Commission's Review Board. Yesterday the Commission turned down that appeal.

The Commission's finding is that Mr. Wiener has been fully rehabilitated from his earlier failures to observe FCC rules. Copies of both the Initial Decision and the Review Board's decision are enclosed for your information.

Best personal regards.

Cordially yours,

J. Dominic Monahan

JDM:jmc
Enclosures

Attachment C